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A BRIEF SUMMARY AND COMMODITY REPORTS

Reserve

Southern Marketing Conference
Washington, D. C.
January 19, 20 and 21, 1942

More than 75 representatives of State and Federal agricultural agencies from the 13 Southern States attended the three-day conference called by Roy F. Hendrickson, U. S. D. A. Administrator of Agricultural Marketing, to determine the action which should be taken now and in the months ahead to meet marketing and processing problems especially connected with the wartime production goals.

Although long-time problems were considered, the three-day conference discussions centered around immediate and pressing problems such as the adequacy of existing Southern marketing facilities, the possibility of expanding promptly the facilities to handle increased production of farm products, and a means of making price support more effective. The results of the conference promise to provide a basis for developing marketing programs, both by the States and by the Department, that can go far in meeting long-time problems and special problems resulting from the war.

State agricultural representatives and Federal field men submitted to the conference detailed and factual information concerning the requirements of their respective States in marketing and processing facilities as a step toward projecting a definite marketing program for the South. They suggested means of meeting their current problems, and discussed with Department officials the necessity of coordinating the work of Federal and State agencies to hasten development of the marketing program.

Opening the conference Administrator Hendrickson explained that the Department was anxious to get the individual and collective views of the representatives on the problems growing out of these facts:

(1) Production goals program and other influences will increase production of certain agricultural products in the South this year--and a further increase may be needed in 1943 and subsequent years.

(2) Some of this production, if not all of it, is to the long-time advantage of the South both from a production and consumption point of view. On the production side the shift in production can increase farm income, reduce dependence on a single crop, and help crop rotation. On the consumption side, the goals program will tend to increase production of farm commodities needed for use in the South. We do not want to see production discouraged at the start by lack of marketing facilities.

(3) A highly important fact is that the Secretary of Agriculture under provisions of the Steagall amendment, in asking for an increase in the production of certain crops, has proclaimed his intention to support the prices of these commodities at not less than 85 percent of parity for the marketing period ending June 30, 1943. He has proclaimed such support for hogs, eggs, chickens (other than broilers), beans and peas of certain

varieties, peanuts and soybeans for oil, flaxseed, for evaporated milk, cheese and dry skin milk. Programs covering canned peas and canned tomatoes have been announced, and he has announced his intention of starting later a program involving price support for potatoes.

(4) It is the intention of the Secretary to make good on these pledges of price support as Congress clearly intended.

Addressing the conference, Secretary of Agriculture Claude R. Wickard emphasized the South's need for a concrete marketing program sufficiently adequate to cope with the increased wartime production sought in agricultural products. Pointing to the fact that growing the products is only one side of the problem, the South, he said, needs the price support provided by the Steagall amendment and it needs markets that are wide enough, available enough and profitable enough to encourage the grower. He said that the problem of obtaining better markets and marketing facilities for the South is not a job for the Department of Agriculture alone, but one which requires the active cooperation of all agricultural interests if it is to be solved. He suggested that the increased production sought might be the means of providing the expansion in diversified farming which the South has needed for so long.

Other conference speakers included O. C. Stine, Director of Statistical and Historical Research, Bureau of Agricultural Economics, whose topic was the Outlook for Southern Agriculture; Ivy W. Duggan, Director of the Southern Region, Agricultural Adjustment Administration, on changes in Southern agricultural production; David Meeker, Assistant Director, Office of Agricultural Defense Relations, on special problems in marketing and packaging; Colonel Carl A. Hardigg, U. S. Army, on problems in selling food to the Army; George M. Reynolds, Assistant Administrator, Surplus Marketing Administration, on facilities in the South for processing foods; James G. Maddox, Director of Rural Rehabilitation Division, Farm Security Administration, and M. C. Gay, Principal Agricultural Economist, Farm Credit Administration, on cooperative buying, selling and processing; Dr. E. W. Gaumnitz, SMA Administrator, on methods of buying surpluses and supporting prices; W. C. Crow, Acting Head of Division of Marketing and Transportation Research, Bureau of Agricultural Economics, on basic marketing problems of the South; and Dr. Frederick V. Waugh, Assistant Administrator of Marketing on keeping abreast of developments.

Commodity group meetings were held on dairy products, livestock, peanuts, soybeans, and cottonseed, fruits and vegetables, poultry and eggs, and naval stores and forest products. These groups and Extension representatives attending the conference, made recommendations covering immediate and future steps to be taken to provide the mechanics to produce, market, process and distribute the agricultural products needed in the present emergency, and to enable the South to obtain permanent benefit from the wartime production program.

The reports and recommendations were presented to the conference for consideration and although they were not acted upon formally and cannot be viewed as an official expression of policy by the Government or by the States concerned, they provide a basis upon which to build a marketing program for the South.

The commodity group reports and recommendations follow:

LIVESTOCK

Report of the Livestock Commodity Group Of the Southern Marketing Conference

The list of questions submitted by Dr. Waugh for consideration in the conference was taken up. Also discussion of additional questions pertinent to the marketing problems in the South was invited.

The opinion was expressed and generally concurred in by the group that marketing and processing facilities now in existence in the South were adequate to handle the livestock that will be marketed in 1942. It was pointed out in this connection that approximately 70 percent of the hogs produced in that area are marketed within a four months period. This is due to feeding and production practices peculiar to that area where a relatively large percentage of the hogs marketed are fattened on peanuts.

There is apparently a fairly equitable distribution of livestock and available feed supplies throughout the South. In some areas forage and particularly pasture is adequate but there is not sufficient concentrated feed to finish the livestock on hand. In other areas the supplies of concentrated feed are in excess of the number of livestock available for feeding. To meet the marketing goals will necessitate a close coordination of available livestock for feeding and available feed. It was thought that the customary movement of feeder livestock to areas where feed is available would take care of this situation except in a few areas where because of an abundant supply of pasture and forage it may be advisable for farmers to ship sufficient concentrated feed into the area to supplement the available roughage for feeding the livestock on hand. It was, however, pointed out that men who were not familiar with the feeding of concentrated feed should not be advised to resort to such a practice. In order to meet the livestock marketing goals in 1942 it was not considered necessary to resort to measures in addition to the utilization of existing facilities for informing farmers regarding available feed supplies, and available livestock. More complete market information pertaining to livestock supplies and prices in the South was requested. The extension of the market news service to livestock markets that are not now covered was recommended.

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It was recommended that livestock be sold on a grade basis and that wherever practical livestock be assembled in sizable numbers by means of the utilization of the present marketing machinery and sold on the basis of grade. The necessity for carrying the grading program through to the consumer by means of the identification of retail cuts of meat by grade was emphasized.

It was recognized that the South is a deficit area from the standpoint of meat production. Practical means were, therefore, considered for increasing the consumption of meat in the South as a means of improving the standard of living in the rural areas and increasing the amount of income derived from the sale of livestock. It was pointed out in this connection

that the livestock slaughtered under Federal inspection in the South constitutes less than one-third of the total livestock slaughtered in that area; that the packing plants were localized in Southern Georgia and that their operation was very seasonal in character. The opinion was expressed that one of the means by which the consumption of meat could be materially increased would be through a substantial extension of the use of local cold storage lockers and curing establishments. A sub-committee was appointed to develop a recommendation with respect to the accomplishment of this objective. Mr. Pace was designated chairman of the sub-committee.

A resolution was adopted recommending "That State agencies give more particular attention to assisting farmer cooperatives and that producers of livestock be encouraged to more fully utilize their present marketing organizations and facilities in the Southern States."

There was some discussion of the relationship between the price of hogs at the principal marketing centers and the secondary market centers located in areas where the production of hogs is not a major enterprise. A sub-committee was appointed for the purpose of developing recommendations regarding practical means of supporting hog prices in such areas at 85% of parity. Mr. Taylor was appointed chairman of the sub-committee.

Consideration was given to ways of effectuating the most economical and efficient use of motor trucks in the transportation of agricultural commodities from farm to market. The responsibility for the development of a recommendation with respect thereto was assigned to the sub-committee of which Mr. Pace is chairman.

Resale of food should be limited to that thus disposed of for the purpose of eliminating speculation and maintaining stable markets. Diversion of food to non-food channels was not recommended.

It was suggested that a marketing research program be undertaken in the Southern States for the purpose of determining the adequacy of present marketing facilities and making recommendations regarding additional facilities that may be found to be necessary. This suggestion was referred to the Committee on Research.

Sub-Committee
Cooperative Livestock Marketing and Transportation

Wherever existing marketing facilities and organizations are inadequate or unsatisfactory or where no facilities are available but needed, we recommend that multiple-purpose cooperatives be established to undertake part or all of the following activities:

A local community, county, or area organization for the assembly and inward transportation of products for processing and/or marketing, including grading, packing, freezing, storing, transporting, financing, and selling; also the purchasing and movement of general farm supplies back to the farm, including such items as fertilizers, fuels, feeds, seeds as well as feeder and breeder livestock.

Such an organization would bring about better coordination and, hence, more advantageous use of existing water, rail, and truck transportation facilities. We, therefore, recommend that in granting priorities on trucks, tires, and other rationed materials, preference be given to organizations that undertake to effect needed economies in the use of such materials.

We believe this approach to the problem is equally appropriate to the long-time program as well as to the present emergency in the development of southern agriculture.

Since most communities in the South are deficit-producing areas with respect to many foods and feed stuffs, the local processing of these products would encourage both local production and consumption. Local processing facilities would therefore aid in the improvement of diets and hence the standard of living of southern families and eliminate the present waste of food by spoilage.

The ability to process locally is also an important means of facilitating and expanding the external marketing of seasonally surplus products.

This type of organization, by reason of coordinating the successive stages of food production and distribution, will permit farmers to benefit more fully from their own technological progress.

To the extent that farmers establish and perfect the operation of organizations of this type they will increase the ability of the Department of Agriculture and its agencies to serve the interests of farmers.

Need for the Support of Local Livestock Prices in the Southern States

We in the Southern States are interested in seeing the prices of hogs supported to at least the equivalent of 85 percent of parity, as established by Congress, and thereby made effective in our local production areas.

At the present time, the prices received by producers in only a few instances are equal to Chicago prices. Actually, local prices in the South should, in most instances, be higher than Chicago because this is a deficit producing territory, and during most of the year livestock products are shipped into the territory for consumption. We believe that the present price disparity on hogs in the South could be corrected if local hog prices were supported by the Government by making local purchases of pork products which would be based on the Chicago price; grade, weight, quality, and finish considered. We recognize that such purchases can only be made at points where sufficient volume would permit such transactions. Furthermore, it is apparent that in order to make such Government assistance effective in terms of farm prices received for hogs, it is essential that growers work together in such a way as to insure that livestock will be offered in sufficient volume at any sales point to enable buyers to bid a fair market price for the livestock sold.

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DAIRY

Report of the Dairy Commodity Group
Of the Southern Marketing Conference

The Dairy Committee of the Marketing Conference met at 9 o'clock and proceeded to discuss several marketing problems of importance to dairy producers in the South. There were present at this meeting some 38 persons.

The discussions of this committee centered around prices now being paid to producers for milk, a general discussion of the types of price structures in operation in the area, farm wages, the incidents of the draft of the farm labor problem, problems involved in conservation of critical materials, both in country procurement and in city distribution, problems involved in the procurement of milk for army camps, and the need for facilities in this area. The committee has the following specific recommendations to make with respect to milk and dairy products:

1. In connection with price structures of milk and dairy products, it was considered that on the whole prices at this time are fair to favorable. The conference developed the fact, however, that in a number of local areas there are so-called "blind spots" where producers are paid less than would be indicated on the basis of central market price quotations. Several factors may account for this, such as lack of competition in the procurement of milk in local areas, lack of knowledge of the buyers and farmers as to prices, poor quality, and the like. Therefore, we recommend that the market news and weighing and grading services be extended and improved. We realize that many difficult problems are encountered in developing the proper quotation in many markets but we believe this service should be extended as rapidly as is feasible.
2. Procurement.— The development of rubber and material shortages is already beginning to have serious effects upon the procurement and distribution of milk for both city delivery and manufacturing. We, therefore, recommend that study be given and efforts be made to develop programs pointed toward conservation of critical material, as follows:

- (a) With respect to country procurement, a policy of consolidation of routes. It is probable that savings of some magnitude can be secured by the consolidation of dairy milk routes hauling milk from the farm to city plants. Due to the urgency of the situation we believe it will be possible to secure cooperation of haulers and dealers in consolidating routes and conserve critical materials, particularly rubber.
- (b) Carrier pools. It may be possible to develop unified procurement agencies, wherin all existing procurement equipment would be pooled and the procurement of milk handled by one agency. We have no particular recommendations to make with regard to the pattern or the organizational structure that such a carrier pool would involve.

The operations of the producer-distributor represent a special problem. It is believed that it would be desirable to investigate the possibilities of developing some method of

pooling deliveries of producer-distributors to their trade.. It might be possible to develop cooperative associations of producer-distributors which would in effect pool their deliveries and sales, thereby conserving rubber and other critical materials through the elimination of overlapping services.

- (c) Shifting of equipment. It is deemed feasible to secure the fullest possible utilization of existing equipment. Therefore, some arrangements should be made to set up a clearing house in markets or areas whereby unused equipment could be shifted to areas where needed, or at least knowledge of such unused equipment made available to those who need the equipment.

3. City distribution.- The conference disclosed that several areas are taking aggressive action in the development of plans to conserve rubber and other critical materials in the distribution of milk in cities. This situation is undoubtedly acute and will become more acute as the rubber and material shortage becomes greater. The committee recommends: That efforts be made to institute several different types of programs pointed toward consolidation of the delivery functions in cities. Possible moves for consolidation would be (1) Every other day delivery, (2) zoning of the city and granting distributors a monopoly on delivery within the zones allotted to them, (3) unified delivery, and (4) discontinuation of retail delivery in favor of distribution through stores and/or milk depots.

4. Army camp supplies.- It was pointed out that the problem of supplying milk to Army camps will probably become more acute in view of the probable development of larger concentration of troops in the Southern States. It is believed that efforts should be made to secure more adequate knowledge of Army camp requirements from the War Department and efforts be made to coordinate this information and to aid the Army in securing its milk supply by advising with them as to sources of supply, quality and the like. The procurers of milk for Army camps would be facilitated if a policy of negotiated long-term contracts could be adopted, thus giving dairymen greater assurance of a continuous outlet.

5. It is further recommended that in view of the critical situation with respect to a possible shortage of bottles and transportation facilities that consumers cooperate with distributors in the conservation of bottles. It is believed that the policy of requiring a deposit on bottles would help to promote economies.

6. It is recommended that in this emergency that standards of quality should not be lowered in meeting the needed increase in the production of milk and dairy products. In the present situation, however, it would seem that requirements not definitely related to quality should not be followed or put into effect. Producers should be encouraged to continue to take the best possible care of milk in order that it meet market requirements, and waste be prevented.

7. It is believed that the Southern marketing processes could be improved materially by the encouragement of the development of cooperative associations on a broader scale than now exists.

8. Also, it is believed that a more aggressive effort should be made to obtain information on the developments and programs affecting the dairy industry already under way in different sections of the country, and that this information should be disseminated to all persons or agencies working in Agriculture who are concerned with this problem,

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POULTRY AND EGGS

Report of the Poultry and Eggs Commodity Group At the Southern Marketing Conference

1. The present egg marketing problems in Southern States may be summarized briefly as follows: Present prices to producers in many areas are disastrously low and are discouraging production. These low prices are due primarily to the lack of immediate outlets for temporary seasonal surpluses which are now upon us and which will increase for the next several months. The lack of these outlets is due to undeveloped marketing programs and facilities in these areas. If this problem is not solved it will greatly discourage and decrease production in these areas.
2. The present methods of buying eggs by the Government agencies (Surplus Marketing Administration, Federal Surplus Commodities Corporation and Army Quartermaster Market Centers) are not adapted to the present problem, for the basis of purchase is in terms of carload lots of 400 cases (400 30-dozen cases, or 12,000 dozen).
3. If the present buying methods of the Government agencies were modified to a basis of a minimum of 100 case lots of a particular U. S. Wholesale or U. S. Export Grade f.o.b. Army camps or at terminal markets that have storage facilities such as Nashville, Memphis, Dallas, Houston, Oklahoma City, New Orleans, Baton Rouge, Shreveport, Atlanta, Jacksonville, Columbia, S. C., Raleigh, N. C., etc., such a program would be of inestimable value in taking care of the depressing seasonal surplus and would raise the price level on such surpluses and thereby the price level of all eggs in these areas. Such a program of buying eggs in the Southern States is deserving of serious consideration by the Government buying agencies.

The committee recommends consideration of the following suggested methods of purchase --

- (a) That the United States Department of Agriculture establish buying agencies at concentration points to buy eggs on the basis of announced prices equal to or above the 85% of parity price.
- (b) That the United States Department of Agriculture provide in its Federal Surplus Commodities announcements and contracts for the purchase of eggs (shell; frozen and dried) that the contractor shall have paid for the shell eggs, net f.o.b. his plant, not less than 85% of parity price.

(c) That the Federal Surplus Commodities Corporation immediately undertake a program for the purchase of eggs and egg products in such amounts and at such prices as will enable producers to obtain 85% of parity price for their eggs.

The committee commends the announced policy of the Secretary of Agriculture to obtain for the producer a minimum price of 85% of parity. The observance of this policy by the Government agencies in their purchases will go far to assure the attainment of the egg production goals by the Southern States.

4. The buying programs of the Government agencies in buying eggs on the basis of Government grades are to be commended. The States of Virginia, West Virginia, North Carolina, Tennessee, Florida, Oklahoma and Texas are now operating Federal-State grading services on eggs, and, therefore, are in a position to offer to producers and others the benefit of such service on eggs bought in these States by Government agencies on the basis of U. S. grades. The establishing of Federal-State grading services on eggs in all other Southern States is greatly to be desired and deserves favorable consideration by those States.

5. A problem in marketing eggs that concerns all producers is that of obtaining satisfactory (new or good used) standard wooden egg cases and new or good used packing materials. If the supplies of such cases and packing materials at Army camps, relief and welfare centers were made available for re-use by producers instead of being burned or destroyed as at present, they would then serve an economic need and conserve necessary supplies of such materials that are essential and most valuable to the egg producers.

6. In view of the rapid growth and growing importance of the poultry and egg industry in the Southern States and the necessity, importance and value to producers of adequate and accurate market news reports of the prices, stocks and movement of these products in important terminal and local markets where producers in the Southern States sell their products and, in view of the entire lack of such market price information by the United States Department of Agriculture in these markets, the Committee recommends that the Agricultural Marketing Service of the United States Department of Agriculture arrange to provide such market news reports for the information of producers and that the necessary appropriation be made for this service by Congress in its appropriation for the United States Department of Agriculture for the fiscal year 1942-1943.

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FRUITS AND VEGETABLES

Report of Fruit and Vegetable Commodity Group Of the Southern Marketing Conference

1. Marketing the present acreage of southern peaches.
 - (a) Depend on marketing agreement and hope that the Surplus Marketing Administration can buy at least part of whatever cannot be disposed of through the marketing agreement.
2. Temporary surpluses of vegetables and strawberries.
 - (a) Do not let anything go to waste. Buy at whatever price is necessary to get it harvested, and can it or dry it or anything to keep it from going to waste.
3. Substitute containers; bulk shipments.

No recommendations.
4. Mechanics of price support.
 - (a) In price support let the farmers know in advance in terms of dollars and cents how much they can expect to receive.
 - (b) Buy as close to the farmer as possible rather than at distant terminal markets, and act as quickly as possible. Do not wait until market breaks.
 - (c) Point out and put in some form that will be available for distribution an exact statement as to just what the limitations of price supporting are so that growers and others will be fully advised about it. Make it clear as to what commodities increases in production are sought.
5. Information on truck movement.
 - (a) Work out some system under which all State highway departments and other State agencies would cooperate with the Agricultural Marketing Service in obtaining information on truck movement, and make funds available to the Agricultural Marketing Service to do the job.
6. Transportation problems.
 - (a) See if the Army can use its own trucks to haul some fruits and vegetables from concentration points to the places where the Army needs them.
 - (b) Explore the possibilities of cooperation and pooling of transportation.
 - (c) To take the place of merchant truckers and other truck operators that may go out of the business during the war, concentration markets on railroads are desirable.
7. Shortage of labor and machinery.
 - (a) The Department of Agriculture should assume some responsibility in finding ways to get necessary labor for grading, etc.

8. Marketing system to get outlets in new producing areas.

Don't want new producing areas.

9. How to get competitive prices established.

(a) Put the produce in sufficient volume in assembling or concentration points to attract buyers.

10. Need for and use of system of concentration markets.

(a) Concentration markets should be located on the railroads so that they can ship by rail.
(b) Be careful not to get too many concentration markets or you won't have a large enough volume concentrated to attract buyers.
(c) Markets should be properly located.
(d) Should have market news service and perhaps grading service at these markets. Also, perhaps price support could be given at these points.

11. Suitability of product for market; outlets for low grades.

(a) Suggest that research people find out what is the proper course to follow in dealing with these questions.
(b) Find out what research has already been done and make it available.

12. Possibility of marketing present and future expansion of fruits and vegetables in that area.

No recommendations.

13. Are present distributing methods and agencies okay?

(Same recommendations as for Problem 11.)

14. Interstate trade barriers.

(a) Strongly urge that all interstate trade barriers be removed by co-operative action of the States where possible; otherwise by action of Congress.

15. How to get terminal markets improved.

(a) Recommend legislative action to improve terminal markets.

16. Relation of financing to marketing.

(a) Get Federal or State agency to work out a plan of financing fruits and vegetables so that producers won't be tied down to one dealer for financial reasons.

17. Maximizing distribution of fruits and vegetables.

(a) Through appropriate organizations of fruit and vegetable growers, local consumption of these products should be encouraged in the areas of production.

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NAVAL STORES AND FOREST PRODUCTS

Report of the Naval Stores and Forest Products Commodity Group
At the Southern Marketing Conference

The gum naval stores goal for 1942-43 has been set at 450,000 units.^{/1} This means that it is expected that 450,000 barrels of turpentine and 1,500,000 barrels of rosin will be produced by the gum naval stores industry. The goal amounts to an increase of 58 percent above the 1941-42 production, but it compares with the production of 452,000 units during the five-year period, 1936-40. In addition, it amounts to an increase of 50,000 units over the goal established in September 1941.

The problem in achieving this goal are (1) the labor situation; (2) metals for cups, gutters and containers; (3) financing of new producers; (4) processing facilities; and (5) marketing and transportation requirements.

In connection with the labor situation, it is entirely possible that production can be increased by from 10 to 20 percent on the number of naval stores "places" in production in 1941-42. Undoubtedly, preparations have been made since the announcement of the September goal to increase production on these places. It will not be possible, however, to achieve the 450,000 unit goal without encouraging new producers to bring their timber into production. In this latter connection, efforts are being made to secure the additional production necessary by soliciting owners of small timber lots to produce turpentine and rosin in connection with their other farming operations. On most of these places there is a surplus of labor that can be utilized without disturbing the other farming operations. There is no problem as far as the availability of timber is concerned, but as a safeguard the Forest Service is modifying the naval stores conservation program sufficiently to encourage the increased production requested.

It has been estimated that approximately 41,070 tons of galvanized steel will be needed for cups, gutters and barrels for the 1942 crop, including both the gum and the wood industries. The requirements for cups and gutters are estimated at 9,600 tons and we are informed by the Office of Agricultural Defense Relations that the amount of metal for this purpose probably will be supplied.

The estimates for containers include 13,458 tons of steel for rosin containers and 18,012 tons for turpentine containers. In this latter connection, the Office of Agricultural Defense Relations informs us that the requirements for the first quarter of 1942 have been allotted but they have requested that the requirements for the second and third quarters be reconsidered to allow for as much wood cooperage as can be made available. It is believed that at the present time wood-stave barrel manufacturing facilities are extremely limited. The problem so far as rosin containers is concerned is, however, believed to present less serious obstacles than the one for turpentine barrels. Wood barrels for turpentine must be of

^{/1} Unit of gum naval stores equals one barrel of turpentine (50 gallons bulk) and 3-1/3 barrels of rosin (500 pounds gross).

superior quality to prevent leakage. Perhaps it should be pointed out that the "one-shipment" metal barrel for rosin weighs 17 pounds as compared with the estimate of 8 pounds of metal in wood barrels, i.e., for hoops, rivets, etc. The apparent savings in metal of about 9 pounds per wood barrel may be offset in part by metal requirements for additional wood-barrel plant facilities.

The Farm Credit Administration and Farm Security Administration are making concerted efforts to encourage the needed production by financing producers. Production loans are protected by a Commodity Credit Corporation loan of 55 cents per gallon bulk on turpentine and an average loan of \$3.05 per hundred pounds for the nine high grades of rosin.

There are approximately 600 fire stills and 15 central distillation plants in operation at the present time. It is estimated that there are approximately 600 other fire stills which have not been in operation during recent years. The plants which have been in operation over the past few years have a distillation capacity of approximately 500,000 units. It is expected that two additional plants will be in operation during the late spring months which will supply an additional 40,000 units of naval stores. Therefore, it may be assumed that distillation capacity will be adequate even though it may be poorly distributed across the belt.

The wood naval stores industry is believed to have no more capacity than the 300,000 barrels of turpentine and the 1,300,000 barrels of rosin suggested in the goal statement but these plants and gum plants will need metal for normal replacements.

The principal aspects of the marketing and transportation problem in common with most other agricultural products are (a) expected increase in the number of small producers who will need to transport the crude gum to processing plants, and (b) the imminent shortage of rubber for tires and of trucks for hauling.

It is suggested that efforts be made to organize producers into co-operative associations (1) to sell crude gum cooperatively to established stills, (2) to accomplish a more long-time objective, i.e., to build or buy cooperative distilleries and to market their products direct to consumers and (3) to purchase supplies and equipment. Until cooperatives are organized, it is suggested that efforts be made to maintain through contracts if possible the charges for receipt and sale of crude gum at stills.

No information is now available to show that the small gum farmer who sells the crude gum to a central distillery receives for his product a price commensurate with its value based on the products obtainable therefrom. In order that more precise information along this line may be made available, it is recommended that steps be taken to require gum processors to report periodically to the Agricultural Marketing Service or other designated agency, data of the following nature:

1. Quantity of crude gum received, by purchase or otherwise, in terms of weight, turpentine and rosin content, and grade of rosin.
2. Turpentine and rosin produced by quantity and grade.

3. Stocks of crude gum on hand at specified dates during the producing season.

The shortage of rubber and the curtailment of the production of trucks suggests two steps: (1) the establishment of reasonable rail rates for the transportation of crude gum to central distillation plants; and (2) that the USDA War Boards request Agricultural Planning Committees to work with county and community committees to devise means of utilizing existing transportation facilities to the optimum for their particular needs.

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OIL PEANUTS, SOYBEANS, COTTONSEED

Reports of Peanut, Soybean, and Cottonseed Commodity Group Of the Southern Marketing Conference

Oil Peanuts

Following are the recommendations of the committee:

1. That there be prepared by the Department and made available for educational purposes a brief statement showing the fats and oils situation and the need for an expanded acreage of peanuts for oil.
2. That educational campaigns be developed in each State with full use of all available facilities including the press, meetings, radio, and others. This should be undertaken immediately.
3. For use in this campaign there should be prepared a concise statement of the oil peanut expansion program making available to producers definite information on the following:
 - (a) Prices producers will receive for oil peanuts.
 - (b) Availability and price of peanut seed.
 - (c) Availability of harvesting machinery to the local producing area and definite instructions as to methods of changing over other types of harvesting machinery for picking peanuts, such as combines and threshing machines.
 - (d) The organization procedure to be followed in making the guaranteed minimum prices available to farmers, specifying the time, place, and method of delivery and payment.
 - (e) Publication and dissemination of information relating to planting, cultivating, and harvesting methods proven adapted to a particular area.
4. An outstanding problem is that of providing physical facilities and labor for production, marketing, and for transportation.

5. The following procedure is considered desirable:

- (a) Do not disarrange farmers' plans where they have already been made to increase production of other commodities needed in the war effort.
- (b) In connection with obtaining increased production of peanuts for oil, efforts should be concentrated in particular areas of each State suited to peanut production and where crop land is available.
- (c) The present conservation program should be amended so that acreage devoted to the production of crops called for by the Secretary to meet war needs will count to meet the 25 percent in erosion resisting and conserving acreages now required under this program.
- (d) A plan should be worked out by the Department of Agriculture to make peanut seed available to farmers on a very broad basis which goes beyond the provisions of the present conservation materials program.

6. The committee urgently recommends that immediate action be taken on these matters and that the help and assistance of all existing agencies be utilized to the fullest possible extent in obtaining peanut goals.

Soybeans

Following are the recommendations of the committee:

1. Price support.- In order to encourage the production of soybeans it will be necessary that the mechanics under which prices will be supported shall be made known to the producers well in advance of planting dates. Therefore, it is recommended that the Department undertake immediately to work out this procedure and make it known to the farmers throughout the South. This information should include differentials which will apply in the various States for grades and they should set forth specifically the amount at which the prices will be supported to the farmers and whether this will be done through a purchase or a loan program. It is recommended that such support be in terms of a price direct to the farmers and not through the indirect method of supporting the price on the processed products.

2. Seed.- Some Government agency should take immediate steps to make available sufficient seed of proper variety in the localities where needed. Steps also should be taken to prevent speculation in order that seed may be available at reasonable prices.

3. Machinery.- In some areas it will be necessary to make available through priorities large amounts of machinery for production and harvesting.

It is recognized that although there may be available sufficient crushing machinery, it is likely that this machinery may not be located in all areas of production. It, therefore, is necessary that provision be made for adequate concentration points, for warehousing, and for transportation.

4. Containers.- Soil conditions in the Southeast have presented some difficulties in the use of grain tanks on combines, and as a result most soybeans produced in that area are handled in sacks. Moreover, many of the mills are not at present adapted for receiving soybeans in bulk.

In view of the shortage in bags, it will be extremely important to work out methods for the handling and transportation of farmers' stock beans in bulk and for the receiving of these beans in like manner by the mills or warehouses.

5. Educational program.- It is recommended that the present problem of shortage of certain oils needed in war effort be made known to each and every individual farmer and that this shortage can be greatly overcome by an increased production of soybeans of a variety with a high oil content.

It also is recommended that the many problems relative to the production and harvesting of soybeans be thoroughly explained to the potential producers in order that the acreages devoted to this commodity may be best utilized.

Cottonseed

Following are the recommendations of the committee:

1. We recommend that a system of seed grading and price reporting be established;
 2. That farmers be informed regarding the margins between prices paid to producers for seed and the value of the products of cottonseed; that consideration be given to the possibility of narrowing such margins through further development of cooperative gins and oil mills, and through cottonseed storage and loan operations;
 3. That the Secretary's Cottonseed Committee continue its study of cottonseed marketing problems and make available its findings at the earliest possible date.
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EXTENSION MARKETING WORK

Report of the Extension Group At the Southern Marketing Conference

In view of the new problems arising from the war situation and the need for efficient marketing as an aid in securing maximum utilization of the expanded production of farm commodities in line with the production goals for 1942, this committee recommends that the following important phases of extension marketing work be given increased emphasis at the present time in the Southern Region:

1. Conduct educational programs to assist farmers in reaching production goals.
 - a. Help farmers with the marketing and purchasing problems arising from war conditions and increased production in line with the goals.
 - b. Assist farmers in a better correlation of production operations with market demands.
 - c. Furnish current market and price information.
2. Help farmers to understand the various methods being used by the Government in supporting prices.
3. Anticipate storage, transportation, processing, and packaging problems as far as possible in advance and assist in their solution.
4. Assist farmers with problems arising from grading, packing, and standardization in order to meet market requirements.
5. Assist farmers in strengthening existing cooperative organizations and facilities and in organizing new cooperatives where needed.
6. Assist cooperatives and other marketing agencies to make most efficient use of the various governmental efforts in achieving the objectives of the national program.
7. Conduct educational programs and help farmers to understand the various factors influencing the costs of marketing and distribution.
8. Hold training schools and conferences in marketing with extension personnel, cooperative leaders, and other farm leaders to obtain a better understanding of marketing policies and problems.
9. Cooperate with research agencies in developing the necessary facts and information in marketing.

